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# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

FORMERLY ANGELO AMERICAN MOLYBDENITE MINING CORP.

## *Annual Report*

FOR THE YEAR ENDED  
DECEMBER 31, 1968

# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

## OFFICERS

J. H. KENTISH	-	-	-	-	-	-	-	-	-	<i>Chairman</i>
JOHN D. BRYCE	-	-	-	-	-	-	-	-	-	<i>President</i>
JOHN C. L. ALLEN	-	-	-	-	-	-	-	-	-	<i>Executive Vice-President</i>
PETER A. ALLEN	-	-	-	-	-	-	-	-	-	<i>Vice-President</i>
A. G. WILSON	-	-	-	-	-	-	-	-	-	<i>Secretary</i>
D. M. LORIMER	-	-	-	-	-	-	-	-	-	<i>Treasurer</i>

## DIRECTORS

JOHN H. KENTISH	JOHN D. BRYCE
JOHN C. L. ALLEN	PETER A. ALLEN
ROBERT C. STANLEY, JR.	GEORGES R. LANDRY
DONALD G. ROSS	

## TRANSFER AGENTS AND REGISTRARS

TRUST GENERAL DU CANADA  
Montreal, P.Q.

CANADA PERMANENT TRUST COMPANY  
Toronto, Ontario

## AUDITORS

BÉLANGER, L'HOUMEAU, SUREAU & ASSOCIÉS  
Val d'Or, Quebec

## EXECUTIVE OFFICE

Suite 400, 112 King Street West  
Toronto 1, Ontario

## HEAD OFFICE

650 Central Avenue  
Val d'Or, Quebec



# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

## *Report of the Directors*

### TO THE SHAREHOLDERS:

Your Directors submit herewith the Financial Statements for the year ended December 31st, 1968, together with the Auditors' Report thereon and the Report of the Manager.

The name of the Company was changed from Anglo American Molybdenite Mining Corporation to Cadillac Moly Mines Limited by Supplementary Letters Patent dated September 6, 1968.

In last year's Annual Report, the President of Anglo American Molybdenite Mining Corporation, Mr. J. H. Kentish, stressed the mining problems being encountered and the resulting serious financial position of the Company. Mainly as the result of his efforts, your Company entered into an Agreement whereby The Little Long Lac Gold Mines Limited Group undertook to manage the operation and provide funds to be used solely for exploration and development purposes. Following detailed studies of the situation, The Little Long Lac Group assumed management direction in September, 1968 and has since arranged for the providing of funds in the amount of \$500,000.

Shareholders were advised in a Progress Report dated March 31st, 1969 that it had been decided to stop further development work at the mine except in those locations where ore could be easily mined due to the fact that continuing losses had resulted from additional development work during the preceding six months. It was also stated that the decision to concentrate on the extraction of readily accessible and economical ore reserves could be expected to be profitable, and that operations would continue as long as they remained so.

Operating losses have been gradually reduced so far in 1969 as a result of the curtailment of exploration and development work and a reduction of personnel by 32 men. Commencing in May 1969 a higher price was received for MoS<sub>2</sub> (molybdenite) shipped.

Barring unforeseen contingencies, the main problem now facing management is the outcome of labour union negotiations and a hearing by the Province of Quebec Conciliation Board is pending. It is hoped that it will be possible to make a statement in regard to the outcome of labour negotiations and other problems at the Annual Meeting of Shareholders.

Since the 1968 year-end all the 469,800 outstanding Preferred Shares have been converted to Common Shares on a share for share basis.

On behalf of the Board of Directors,

J. D. BRYCE,  
President.

June 12, 1969.

# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

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## *Report of the Manager*

February 12, 1969.

The President and Directors,  
Cadillac Moly Mines Limited.

Dear Sirs:

The following is a report on production and operation for the year 1968.

A total of 405,895 tons of ore was milled, an average of 1,109 tons per day, which produced 1,263,550 lbs. of MoS<sub>2</sub>, 212,659 lbs. of Bismuth and 4,471 ozs. of Silver. The total value of production was \$2,009,307 or \$4.95 per ton.

The open pit produced 108,051 tons with the remaining 297,844 tons coming from underground mining.

Development for the year consisted of 6,280 feet of drifting and crosscutting with 3,028 feet being done on the 600 level. There was 5,852 feet of raising and 2,992 feet of draw points and sub drifts for stope preparation.

Stope preparation was mainly on the 600 level to get this level into production. Late in the year it was decided to deepen the shaft to be able to install brow pockets and thus, open up the 750 level. This work is now completed and crews have started raising and drifting.

Diamond drilling for the year amounted to 36,553 feet and was mainly used as a guide for stope layouts and for mining purposes.

Proven ore reserves at the year end are calculated at 483,300 tons grading .24% in MoS<sub>2</sub> and .042% in Bi. Probable ore is estimated at 187,500 tons grading .28% in MoS<sub>2</sub> and .035% in Bi.

At the year end there were 167 hourly rated and 32 staff employees on the payroll.

In conclusion, I would like to thank the President and Directors for their co-operation and support. I would also like to thank the Department Heads and all Employees for their loyal and efficient services.

M. D. KENNEDY,  
Manager.



# CADILLAC MOLY MINES LIMITED

(No Personal Liability) (Note 1)

## *Balance Sheet as at December 31, 1968*

(Comparative with 1967)

### ASSETS

Current Assets:	1968	1967
Cash .....	\$ 14,161	\$ 138,998
Finished Products, at net realizable value .....	96,575	61,474
Supplies, at average cost .....	248,592	169,047
Prepaid Expenses .....	35,646	23,591
Other .....	1,996	3,080
	<u>\$ 396,970</u>	<u>\$ 396,190</u>
<b>Fixed Assets:</b>		
Buildings, Machinery and Equipment .....	\$3,096,763	\$3,247,353
Less: Accumulated Depreciation .....	371,231	367,618
	<u>\$2,725,532</u>	<u>\$2,879,735</u>
Mining Claims .....	90,670	90,670
	<u>\$2,816,202</u>	<u>\$2,970,405</u>
<b>Deferred Expenses:</b>		
Preproduction and Deferred Development Expenses,		
Less: Amortization to date .....	\$2,307,746	\$2,632,293
Discount on Debentures (Note 7) .....		28,365
Reorganization Expenses .....	52,991	
Organization Expenses .....		4,721
	<u>\$2,360,737</u>	<u>\$2,665,379</u>
	<u>\$5,573,909</u>	<u>\$6,031,974</u>

### LIABILITIES

<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities .....	\$ 517,895	\$ 297,969
<b>Long Term Liabilities:</b>		
Bank Loan (Note 2) .....	\$ 350,000	
7% Convertible Income Debentures maturing December 30, 1978 (Note 3) ..	4,500,000	
6½% Secured Sinking Fund Debentures (Note 3) .....		4,500,000
Accrued Interest on Debentures (Note 7) .....		246,919
Mortgage Payable on Company Housing .....	27,051	35,954
Loans from Shareholders (Note 5) .....		214,457
	<u>\$4,877,051</u>	<u>\$4,997,330</u>
	<u>\$5,394,946</u>	<u>\$5,295,299</u>

### SHAREHOLDERS' EQUITY

<b>Capital Stock:</b>		
Authorized:		
500,000, 6% Preferred Shares of \$1.00 each voting, redeemable, non		
cumulative until June 30, 1973, and cumulative thereafter		
7,500,000 Common Shares without nominal or par value (Note 4)		
Issued:		
469,800 Preferred Shares of \$1.00 each (Note 8) .....	\$ 469,800	\$ 469,800
1,213,428½ Common Shares .....	1,923,850	1,707,143
	<u>\$2,393,650</u>	<u>\$2,176,943</u>
<b>Deduct: Deficit</b> .....	2,214,687	1,440,268
	<u>\$ 178,963</u>	<u>\$ 736,675</u>
	<u>\$5,573,909</u>	<u>\$6,031,974</u>

Approved on behalf of the Board:

J. H. KENTISH, Director.

JOHN D. BRYCE, Director.

# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

## *Statement of Operations and Deficit*

for the year ended December 31, 1968

(Comparative with 1967)

	1968	1967
<b>Production:</b>		
Molybdenite .....	\$1,254,498	\$1,805,179
Bismuth .....	744,808	734,016
Silver .....	10,001	6,693
	<u>\$2,009,307</u>	<u>\$2,545,888</u>
<b>Other Revenue</b> .....	4,596	7,124
	<u>\$2,013,903</u>	<u>\$2,553,012</u>
<b>Operating Expenses:</b>		
Exploration .....		\$ 114,032
Mine Development .....	\$ 305,385	237,674
Mining .....	1,098,147	1,069,431
Milling .....	617,150	660,583
General and Administrative .....	434,844	353,775
	<u>\$2,455,526</u>	<u>\$2,435,495</u>
<b>Operating Profit (Loss) before the following</b> .....	<u>(\$ 441,623)</u>	<u>\$ 117,517</u>
<b>Deduct:</b>		
Interest on Loans .....	\$ 18,531	\$ 305,966
Depreciation Buildings, Machinery and Equipment .....	170,916	171,281
Amortization Preproduction and Deferred Development .....	357,182	363,739
	<u>\$ 546,629</u>	<u>\$ 840,986</u>
<b>Net Loss for the year</b> .....	<u>(\$ 988,252)</u>	<u>(\$ 723,469)</u>
<b>Deficit at beginning of year</b> .....	1,440,268	2,501,316
	<u>\$2,428,520</u>	<u>\$3,224,785</u>
<b>Add: Organization Expenses written-off</b> .....	4,721	
	<u>\$2,433,241</u>	<u>\$3,224,785</u>
<b>Deduct:</b>		
Waiver of the Accrued Interest in 6½ % Secured Sinking Fund Debentures less Discount .....	218,554	
Adjustment to the Accumulated Amortization and Accumulated Depreciation .....		1,784,517
<b>Deficit at End of Year</b> .....	<u>\$2,214,687</u>	<u>\$1,440,268</u>



# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

## *Statement of Source and Application of Funds*

for the year ended December 31, 1968

(Comparative with 1967)

	1968	1967
<b>Source of Funds:</b>		
Net Loss for the year	(\$ 988,252)	(\$ 723,469)
Depreciation, Amortization, not requiring cash outlay	528,098	749,372
Funds from operations	(\$ 460,154)	\$ 25,903
778,000 Common Shares issued		200,000
216,707 Common Shares issued	216,707	
Bank Loan	350,000	
Sales of Fixed Assets	27,701	
	<u>\$ 134,254</u>	<u>\$ 225,903</u>
<b>Application of Funds:</b>		
Additions to Fixed Assets	\$ 44,414	\$ 49,852
Payments — Mortgages	8,903	4,889
— Shareholders' Loans	214,457	200,000
Cash outlay to redeem the \$500,000 Secured Sinking Fund Debentures		137,034
Deferred Expenses	85,626	
	<u>\$ 353,400</u>	<u>\$ 391,775</u>
<b>Increase (Decrease) in Working Capital</b>	<u>(\$ 219,146)</u>	<u>(\$ 165,872)</u>
<b>Working Capital at Beginning of Year</b>	<u>98,221</u>	<u>264,093</u>
<b>Working Capital at End of Year</b>	<u>(\$ 120,925)</u>	<u>\$ 98,221</u>

# CADILLAC MOLY MINES LIMITED

(No Personal Liability)

## *Notes*

1. The name of Anglo American Molybdenite Mining Corporation (No Personal Liability) was changed to Cadillac Moly Mines Limited (No Personal Liability) by Supplementary Letters Patent dated September 6, 1968.
2. The bank loan of \$350,000.00 is secured by \$500,000.00 7% Prior Lien Bonds, Series "A" maturing December 30, 1973. An amount of \$1,000,000.00 principal amount of 7% Prior Lien Bonds has been authorized.
3. The 6½% Secured Sinking Fund Debentures were converted into 7% Convertible Income Debentures which mature on December 30, 1978. They are redeemable at the option of the Company on April 30, 1970 or on April 30 in any subsequent year. They are convertible at holders' option at any time after September 1, 1969 into fully paid common shares without nominal or par value on the basis of 500 such shares for each \$500.00 principal amount of debentures. The security of the new debentures ranks junior in all respects and is subordinate to the security for the Prior Lien Bonds of the Company.
4. The Supplementary Letters Patent authorized the change and the consolidation of each 5 common shares of a par value of \$1.00 each into 1 common share without nominal or par value. The authorized capital in common shares is 7,500,000 common shares without nominal or par value.
5. On September 30, 1968, 216,707 common shares without nominal or par value were issued and allotted to repay the loans from shareholders plus the accrued interest.
6. Pursuant to the terms of the reorganization plan, an option was granted to The Little Long Lac Gold Mines Limited to purchase 1,000,000 common shares without nominal or par value of the Capital Stock of the Company at the price of \$1.00 per share at any time on or before December 30, 1978.
7. The amount of accrued interest on debentures less discount on debentures at the end of December 31, 1967 was carried to Deficit.
8. Subsequent to December 31, 1968, the Company and the holders of preferred shares have agreed that the preferred shares will be redeemed and exchanged on the basis of one common share for each preferred share outstanding.

## AUDITORS' REPORT

To the Shareholders of  
"Cadillac Moly Mines Limited  
(No Personal Liability)"

We have examined the Balance Sheet of "Cadillac Moly Mines Limited (No Personal Liability)" as at December 31, 1968, the Statement of Operations and Deficit and Statement of Source and Application of Funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet, Statement of Operations and Deficit and Statement of Source and Application of Funds present fairly the financial position of the Company as at December 31, 1968, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

March 18, 1969.

BÉLANGER, L'HOUMEAU, SUREAU & ASSOCIÉS,  
Chartered Accountants.